

1313W&
12.11.8

LOWENSTEIN, SANDLER, KOHL, FISHER & BOYLAN

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW
65 LIVINGSTON AVENUE
ROSELAND, NEW JERSEY

07068-1791

TELEPHONE (973) 992-8700

FACSIMILE (973) 992-5820

SOMERVILLE OFFICE

TELEPHONE (908) 526-3300

FACSIMILE (908) 526-9173

February 5, 1998

ALAN V. LOWENSTEIN
RICHARD M. SANDLER
BENEDICT M. KOHL
ARNOLD FISHER
JOSEPH LEVOW STEINBERG
MATTHEW P. BOYLAN
BRUCE D. SHOULSON
JOHN R. MACKAY 2ND
MARTIN R. GOODMAN
JOHN D. SCHUPPER
STEPHEN N. DERMER
MICHAEL L. RODBURG
ALLEN B. LEVITHAN
R. BARRY STIGER
GREGORY B. REILLY
PETER H. EHRENBERG
STEVEN B. FUERST
THEODORE V. WELLS, JR.
WILLIAM S. KATCHEN
MICHAEL DORE
JOHN L. KRAFT
ASHLEY STEINHART
DOUGLAS S. EAKLEY
RICHARD D. WILKINSON
ALAN WOVSANIKER
KENNETH J. SLUTSKY

DAVID L. HARRIS
ZULIMA V. FARBER
WILLIAM P. MUNDAY
DANIEL J. BARKIN
GEORGE J. MAZIN
JAMES STEWART
LAURA R. KUNTZ
ROBERT D. CHESLER
RICHARD F. RICCI
JOHN L. BERGER
DAVID W. FIELD
MARTHA L. LESTER
JOHN D. HOGOBOOM
TERRY E. THORNTON
ROBERT G. MINION
JEFFREY J. WILD
LAWRENCE M. ROLNICK
GARY M. WINGENS
DIANE P. SULLIVAN
SAMUEL B. SANTO, JR.
ROSEMARY E. RAMSAY
JEFFREY B. GRACER
MICHAEL N. GOOEN
RICHARD C. SZUCH
STEPHEN R. BUCKINGHAM
PETER L. SKOLNIK

KARIM G. KASPAR
ROBERT M. LAPINSKY
HENRY M. PRICE
DAVID A. THOMAS
JERI L. ABRAMS
VIRGINIA A. LAZALA
GEOFFREY A. PRICE
NESLIHAN S. MONTAG
ALEX MOREAU
WILLIAM J. VONDERHEIDE
MICHAEL DAVID LICHTENSTEIN
BRIAN WEEKS
EDWARD M. ZIMMERMAN
AMY C. GROSSMAN
MAUREEN E. MONTAGUE
GAVIN J. ROONEY
CHRISTOPHER L. WEISS
EDWARD T. DARTLEY
TINA MARIE NICHOLD
DAVID J. BIANCHI
LAUREN M. MOLLENDER
PATRICK J. WHALEN
COURTNEY A. SCHAEEL
DONALD G. HARRINGTON
MAUREEN A. RUANE
FRANK D. STEFANELLI
GAIL HOWIE CONENELLO
JONATHAN A. WASSERMAN
R. SCOTT THOMPSON
AMY R. BITTERMAN
LYNN A. FELDMAN
THOMAS P. COLE
MICHAEL E. GROSSMAN
JAVIER E. ROBLES
MELISSA A. RULE

ANDREA B. SCHWARTZ
DAVID M. WISSERT
TIMOTHY G. HANSEN
MARY R. D'AGOSTINO
IRA S. BERG
STEVEN E. SIESSER
MICHAEL E. PETRELLA
STEVEN M. HECHT
GEORGE W. ARNETT, III
PATRICIA M. BARROW
ANDREA L. WOLFF
CHRISTINE OSVALD-MRUZ
ADWGA AYO SANDERSON
THOMAS E. REDBURN, JR.
ROBERT L. LOMBARDI
MICHELE C. MEYER-SHIPPI
SUSAN J. SCHLECK
ANTHONY O. PERGOLA
ROBERT K. SCHEINBAUM
JOHN ROUSAKIS
SARA B. ROSENSWEIG
STEVEN J. TSIMBINOS
NICHOLAS SAN FILIPPO IV
JOHN E. CLARK
MAURICIO F. PAEZ
JACQUELINE C. ROMERO
ERIC DAVID WEINSTOCK
ELI S. GOLDBERG
JULIE LEVINSON WERNER
A. MATTHEW BOXER
STEVEN H. BECKER
KRISTINA RAK LOCASCIO
MATTHEW M. OLIVER
IRA L. ROSENBLATT
JAMES CREIGHTON DRURY
SARAH L. REES
ZVIA A. SHAPIRO

OF COUNSEL

LINDA PICKERING
ROBERT L. KRAKOWER
NORMAN W. SPINDEL

STUART S. YUSEM
HARVEY SMITH
DAVID E. ALPERT

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Debra Reinstein
Account Specialist - Environmental Claims
Zurich-American Insurance Group
P.O. Box 4032
Schaumburg, Illinois 60168-4032

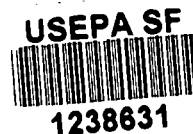
**Re: Potential Claim for Environmental Damage in the
Coeur d'Alene Basin, Northern Idaho
Insured: Group R Co., Inc.
Policy No.: GA 87-69-024 (12/1/73 - 12/1/74)
Claim No.: 912-28447**

Dear Ms. Reinstein:

Thank you for your letters of November 11 and December 11, 1997, in which you acknowledge notice of the above-referenced claim. In your letters you state that you have been unable to locate the above-referenced policy that may have been issued to Golconda Corporation and have only located secondary evidence of the policy. Please be advised that we currently are working with our client to locate a copy of the policy. If and when we locate a copy we will forward it to you. In the meantime, however, please provide us with the secondary evidence that you have uncovered as that evidence may assist us in our search.

Our responses to the requests for information contained in your December 11th letter follow:

M2377/59
02/05/980468579.01



LS 003960

GRP "R" CDA dm - 0410

February 5, 1998

1. **Whether Group R Co, Inc., has been added to the litigation:** To date, the motions filed by the Coeur d'Alene Tribe and the United States Department of Justice in the United States District Court for the District of Idaho seeking leave to amend their complaints to add Group R as a defendant and seeking contribution pursuant to CERCLA have not yet been ruled upon by Court.
2. **The status of any settlement negotiations between Group R and the Coeur d'Alene Tribe and/or the United States of America:** We anticipate hearing from the Government in early 1998 with regard to a settlement proposal in connection with this matter and will contact you when a settlement proposal is received.
3. **The nature of Group R's involvement at the Bunker Hill facility:** See Group R's response to the USEPA's 104(e) Request for Information ("Group R's 104(e) Response") enclosed herewith. If you wish to receive copies of the documents included in that response, please contact me or Michael Lichtenstein of this office.
4. **Whether Group R ever had an ownership or leasehold interest in any part of the property or business conducted at the Bunker Hill facility:** See Group R's 104(e) Response.
5. **The date of Group R's first involvement with the site:** See Group R's 104(e) Response.
6. **The activities Group R performed at the site:** See Group R's 104(e) Response.
7. **The date Group R first became aware of contamination at the site:** See Group R's 104(e) Response.
8. **Group R's estimated liability at the site:** As this matter is still in the preliminary stages, no formal or official estimate of damages has been provided to us, nor have we been provided with a formal estimate of Group R's share of damages, if any. The United States Department of Justice has advised us informally, however, that the total clean-up costs and Natural Resource Damages associated with the Coeur d'Alene Basin in Northern Idaho could reach two billion dollars (\$2,000,000,000).

We will continue to keep you updated with respect to the progress of this matter.

If you have any questions, or require any additional information, please do not

LS 003961

Debra Reinstein
Page 3

February 5, 1998

hesitate to contact me or Michael David Lichtenstein of this office.

Very truly yours,


David M. Wissert

DMW:dmw

Enclosures

cc: Michael David Lichtenstein, Esq. (w/o encl.)

LS 003962

GRP "R" CDA dm - 0412